



University of Hawaii at Manoa

Environmental Center
Crawford 317 • 2550 Campus Road
Honolulu, Hawaii 96822
Telephone (808) 948-7361

RL:0811

HB 298 HD 1 RELATING TO BEVERAGE CONTAINERS

Statement for
House Committee on
Finance
Public Hearing - March 1, 1989

By
Jacquelin Miller, Environmental Center
John Harrison, Environmental Center
Peter Rappa, Sea Grant

HB 298 HD 1 attempts to address the need for litter control by setting forth two options: 1) the bill would provide a tax credit of \$.05 per beverage container for containers purchased and refilled by a recycling manufacturer within the state; and 2) the bill would provide a tax credit of \$.03 per beverage container for those containers purchased and crushed for shipment outside the state.

Our statement on this bill does not represent an institutional position of the University of Hawaii.

The extent and significance of pollution in Hawaii attributable to metal, glass, and plastic beverage containers is appropriately recognized in Section 1 of the bill. What perhaps should also be recognized is the length of time and the amount of man (and woman) hours of effort that have been expended over the past 15 years (or more) by legislators and the public in attempts to get some form of a "bottle bill" adopted. Yet the State remains without an effective means to control or even encourage recycling of beverage containers.

Therefore while we most strongly support the rationale and need for effective legislation to encourage recycling of such containers, we find that the amendments now proposed to HB 298 in the form of HD 1 are unlikely to produce the desired result for the following reasons:

1. The tax incentive provision outlined in Section 2(c) (page 3, lines 16-24) seems complicated and lacks practical means for verifying the numbers of bottles purchased.

2. The tax incentive provision to reimburse the bottlers and recycling centers transfers the cost to all taxpayers. While the advantages of reduced litter benefit all and therefore a cost to all is not fundamentally inappropriate, it does seem inappropriate that specific financial rewards are not given to those consumer's or retailer's who make the effort to recycle containers. A deposit/return system allows for both a cost and reimbursement to those who use the product (i.e. contribute to the litter). Money deposited by users for containers not returned would accrue to the seller.
3. The bill does not address the issue of convenience to the consumer in returning containers. As drafted it appears that containers would have to be returned to a few scattered and therefore inconvenient recycling centers rather than the local neighborhood retailers.
4. If the major problem in a simple deposit/return system is the potential disadvantage to retailers of extra handling and storage costs, then a tax incentive to the retailer for setting aside the necessary storage space would appear to be a simpler, more effective system. Consumers, i.e. taxpayers, would absorb the cost but in return they would get the convenience of easy return and relief from storing used containers at home.

In summary, if the legislation is intended to reduce the waste stream and to clean up litter, the alternative deposit system is a more direct and proven tool. It works. Under such a system, the consumer pays a one-time cost for clean up. Once a deposit is paid, future purchases are covered by the deposits returned from previous purchases.

If the purpose of the bill is to create a recycling industry, that purpose will be better served by a system that makes it easy to recycle, i.e. a deposit system.

The people directly impacted by a deposit system are the retailers who have to pay for storage and handling of returned containers. Therefore they are the appropriate recipients of tax incentives, if such are needed, not the bottlers or recycling centers.